

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **January 25, 2005, Work Session**

AGENDA ITEM NO.: 2

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Tax Relief for the Elderly and Permanently Disabled**

RECOMMENDATION: Consider amending Section 36-175(3) c of the City Code to revise the gross income limitation for eligibility to receive real estate tax relief from \$27,000 to \$30,000.

SUMMARY: Since 1974 the City has offered real estate tax relief for qualifying elderly and permanently disabled property owners. There are two primary criteria for qualification: (a) gross income, and (b) net worth which excludes the house and one acre of land. Currently, the City has a gross income limit of \$27,000 and a net worth limit of \$60,000 compared to a State Code limit of \$50,000 for gross income and a net worth limit of \$200,000 and the exclusion of up to ten acres of land. Applications for tax relief are due to the Commissioner of the Revenue on May 1 of each year. Prior to issuing the applications, the Commissioner of the Revenue typically requests City Council to consider any changes to eligibility requirements. The last change to eligibility requirements was in FY 2003 with the gross income limitation increasing from \$23,000 to \$27,000. With the growth in social security and the ineligibility determination of approximately twenty five residents combined with a general decline in program participants, it is recommended that the gross income limitation be increased to \$30,000. Attachment A provides a summary of this program for the City and compares it to other Virginia localities.

PRIOR ACTION(S): None

FISCAL IMPACT: None. Under the City's program, City Council determines an amount to allocate to tax relief. The total relief granted to participants is limited to City Council's allocation. For FY 2005, \$516,272 was allocated for this program. This amount is distributed among the eligible participants. Should more applicants become eligible, the maximum amount of the program would remain at \$516,272, however some applicants may see a change in the percentage of relief as the allocation is redistributed. The distribution of this budgetary allocation to eligible participants provides the higher relief to the applicants with the lowest income and net worth. Applicants with greater income and net worth receive a lower percentage of relief. For FY 2005 Tax Relief ranged from 100% to 76%.

CONTACT(S): Mitch Nuckles, Commissioner of the Revenue
Michael W. Hill, Director of Financial Services

ATTACHMENT(S): Program Summary & Comparison

REVIEWED BY: lkp

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

	Eligibility Requirements		Number of Applicants		Disqualified Applicants			
	Combined	Combined	Fiscal	Applicants	CATEGORY	DETAIL	TY 2003	TY 2004
	Gross Income	Net Worth					NO.	NO.
State Code			FY 2005	938	INCOME	\$27,001 - \$28,000	6	4
Lynchburg	27,000	60,000	FY 2004	974		\$28,001 - \$29,000	2	1
<u>Other First Virginia Cities</u>			FY 2003	988		\$29,001 - \$30,000	3	2
Norfolk	34,450	100,000	FY 2002	980		\$30,001-\$31,000	2	2
Hopewell	29,000	75,000	FY 2001	1013		\$31,001 & >	8	8
Hampton	25,000	75,000	FY 2000	1014				
Roanoke	30,000	100,000	FY 1999	1004				
Winchester	30,000	80,000	FY 1998	1115	AGE	< 65	2	2
Staunton	16,000	50,000	FY 1997	1103				
Charlottesville	50,000	100,000	FY 1996	1111				
Newport News	14,000	100,000			NET WORTH	\$60,001 & >	11	5
Danville	20,000	50,000						
Petersburg	22,000	50,000						
Fredricksburg	30,000	90,000						
<u>Other Localities</u>								
Amherst	50,000	100,000						
Henrico	45,000	175,000						
Virginia Beach	27,000	195,000						
Fairfax	52,000	150,000						
Roanoke	50,000	100,000			TOTAL		<u>34</u>	<u>24</u>

Source: Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 2003 and Weldon Cooper Center for Public Service 2003 Tax Rates: Virginia's Cities, Counties, and Selected Towns

* Information provided from the City of Lynchburg General Ledger Inquiry system

**There may be other exemptions represented in this number other than tax relief for the Elderly such as Rehab Housing, etc.